

EXHIBIT 202

Annual Ethics and Compliance Report to the Board

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Novartis Corporation Board of Directors Meeting

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Harvard Business School (“HBS”) Survey

- Administered in US in February 2007
 - all Novartis Companies except NNC and V&D
 - have since eliminated effect of Gerber and Gerber Life
- Seeks associates’ perceptions comparing
 - how Company should be performing, vs
 - how Company actually performs
- Survey focuses on the Gap between Should and Actual
- Average gap = 0.60 (US companies)*

* For Novartis AG (ex US) the average gap was 0.81. Consistent with other research, senior executives perceive smaller gaps than middle or non-management employees.

Summary of HBS Aggregate Results

- By stakeholder, largest gaps concern employee-related standards
 - Responsiveness to employee suggestions
 - Open and honest communications with employees
 - Fair and reasonable compensation
 - Developing employee skills and knowledge
 - Dealing fairly with all parties
 - Honoring promises and agreements
 - Abstaining from retaliating against employees who report violations
- By principle, largest gaps relate to keeping commitments, fairness and responsiveness to others

Summary of HBS Aggregate Results (Cont'd)

- Smallest gaps
 - Refraining from coercive labor practices
 - Timely payment of tax liabilities
 - Security personnel respecting international standards on the use of force
 - Non-involvement in bribery
 - Refraining from insider trading

HBS Illustrative Gaps

Company ----- Question	Novartis – US Composite	Novartis AG (ex US) Composite
Avg. Gap	0.60	0.81
Abstain from retaliation	0.96	0.96
Respond to employees' suggestions	1.71	1.72
Communicate openly w/ employees	1.31	1.54
Deal fairly with all parties	1.06	1.32
Honor Promises & Agmt.'s	1.06	1.34
Abstain from using forced or child labor	0.09	0.26
Observe applicable laws & regs	0.30	0.50

HBS Illustrative Gaps

Company ----- Question	Novartis – US Composite	CO. 1	CO. 2	CO. 3	CO. 4	CO. 5	CO. 6	Novartis AG (ex US) Composite
Avg. Gap	0.60	0.59	0.61	0.58	0.63	0.42	0.60	0.81
Abstain from retaliation	0.96	0.98	0.94	0.93	0.54	0.94	0.96	0.96
Respond to employees' suggestions	1.71	1.75	2.00	1.51	1.73	1.17	1.71	1.72
Communicate openly w/ employees	1.31	1.20	1.69	1.36	1.35	0.83	1.31	1.54
Deal fairly with all parties	1.06	1.08	1.25	0.81	1.00	0.32	1.06	1.32
Honor Promises & Agmt.'s	1.06	1.03	1.25	1.02	0.88	0.56	1.06	1.34
Abstain from using forced or child labor	0.09	0.06	0.13	0.05	0.00	0.00	0.09	0.26
Observe applicable laws & regs	0.30	0.28	0.12	0.28	0.54	0.29	0.30	0.50

Illustrative 4th Quarter 2007 Initiatives

- 4th Quarter 2007
 - NPC Live Training for Senior Management
 - Complete Live Training for Novartis Corporation Associates
 - Live training in other subsidiaries
 - Ethics & Compliance Officers Meeting
 - Launch Ethically Speaking, Quarterly Publication
 - Code of Conduct Survey (6000 plus U.S. Associates)
 - Meeting re BPO-Legal-Compliance collaboration
 - Selection of 2008 Interactive Training Courses
 - Ethics & Compliance Audit Committee Meeting
 - Independent Assessment of Ethics & Compliance Program

Illustrative 1st Quarter 2008 Initiatives



1st Quarter 2008

- Obtain final 2007 interactive training results
- Roll-out of new interactive training program
- Analyze results of Novartis Code of Conduct and HBS Surveys
- Brief company managements re Survey results
- Ethics & Compliance Audit Committee Meeting
- March Ethics & Compliance Officers Meeting
- Discussion re integrating U.S. and International Codes of Conduct
- Begin revision of U.S. Code of Conduct and select title